GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1026
ANSWERED ON:24.11.2000
RATING ON STANDARD OF POORS
ASHOK NAMDEORAO MOHOL

Will the Minister of FINANCE be pleased to state:

(a) whether rating agency `Standard and Poor`s` has lowered its outlook for India`s long-term foreign currency issuer rating from `positive` to `stable` ;

(b) if so, the details of statement cited by the said agency in this regard ; and

(c) the reaction of the Government thereto ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b) & (c) : Standard & Poor`s, USA (S&P) reviewed India`sforeign currency sovereign credit rating in October, 2000 and revised the outlook on the long-term foreign currency rating from positive to stable while retaining the rating at `BB`.
S & P stated that `the change in outlook is based on the government`s inability to accelerate the pace of economic reform`. It was further stated by S&P that while continued reform including liberal foreign investment rules should sustain momentum behind GDP growth, a better credit standing depends on reducing fiscal deficits. This revision in outlook should not have any material impact on the Indian economy